



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: February 11, 2013

To: Council Member Elizabeth Glidden, Chair -
Regulatory, Energy and Environment Committee

Subject: Conditions on Licenses

Recommendation: That the Regulatory, Energy and Environment Committee recommend approving the standard operating procedures and amending Title 14, Chapter 362 and Title 13, Chapter 259 of the Minneapolis Code of Ordinances that authorizes the City Council to impose reasonable conditions on a business license in rare situations in which a documented violation(s) exists and the business has been unwilling to take reasonable steps to protect and promote public safety, livability and security.

Previous Directives: None

Department Information

Prepared by: Linda Roberts, District Supervisor, Licenses & Consumer Services, (612) 673-3908

Approved by:

Chuck Lutz, Deputy Director, Community Planning & Economic Development

Cathy Polasky, Director, Economic Policy & Development

Grant Wilson, Manager, Licenses & Consumer Services

Presenter in Committee: Linda Roberts

Financial Impact

- None

Community Impact

- **Neighborhood Notification:** City staff have provided multiple opportunities for the business community to engage and provide input and feedback during the ordinance text amendment process. The City held a total of seven public meetings (Aug. 21, 2012 - Industry Meeting; Sept. 12, 2012 - Business Advisory Group Meeting; Sept. 18, 2012 - LINC 5th Precinct, 10/16/12 LINC 1st Precinct, 11/20/12 LINC 3rd Precinct, 1/15/13 LINC 1st Precinct; and Jan. 16, 2013 - Industry Meeting focusing on general licensees), with more than 100 business owners and business association representatives attending. The meetings offered opportunities to informally ask questions and make suggestions. This input was used to help shape the amendments and standard operating procedures being considered.

A public hearing notice was emailed to all license holders, business associations and neighborhood associations on Jan. 10, 2013 and posted on the City's cable channel. City staff also posted the industry engagement meeting notices, draft amendments, standard operating procedures and public hearing notices on the City's Business Licenses web page.

- **City Goals:**
Jobs and Economic Vitality: A world-class city and 21st century economic powerhouse.
A City that Works: Minneapolis is a model of fiscal responsibility, technological innovation and values-based, results-driven municipal government.
A Safe Place to Call Home: People and businesses thrive in a safe and secure city.

Background and Supporting Information

Minneapolis' Licenses and Consumer Services staff have a history of skillfully negotiating business operating conditions with a multitude of license holders (licensees). These conditions provide an opportunity to address issues tailored to that specific business, with the overarching goal to protect and promote public safety, livability and security.

The City negotiates these conditions either prior to the approval of a business license or during a license settlement conference as part of adverse license action. For the City to negotiate conditions on a license there must be good cause or a documented ordinance violation. Currently, conditions placed on businesses are voluntary and used in progressive enforcement cases.

Here are a few examples of conditions that may be negotiated:

On Sale Liquor Establishment

The licensee must utilize an identification card reader to verify age of customers.

Taxi Company

The licensee may not add any taxi vehicles older than five years of age to its fleet.

Trades Contractor

The licensee will make written estimates available to Business Licenses' staff.

Grocery Store

The licensee may not sell items commonly used for drug sales or drug usage.

Currently, less than 1% of licensees in the City of Minneapolis have license conditions. In 2012 there were 64 licensees with negotiated conditions. 57 were assigned to general business licenses, two to taxi licenses, and five to alcohol licenses. A total of 12 sets of conditions were negotiated during a license settlement conference.

This system generally works well, however there have been a few occasions when staff have been unable to successfully negotiate conditions. In these cases the licensee

commonly denies the City's position that there is a true need for the condition. In those rare situations when individual businesses/licensees have been unwilling to negotiate conditions, the City's only course of action is to begin the license revocation or denial process which is a time-consuming, resource-intensive process that can take months or even years to complete.

This proposed ordinance text amendment would give the City an additional tool to address the issue more effectively by allowing the City to impose reasonable conditions to a business license if it is necessary to help protect and promote public safety, livability and security. The process includes checks and balances to ensure that the licensee is afforded due process and the conditions are subject to City Council review and approval. We do not anticipate that these numbers will increase significantly with the passage of this amendment.

Recent Example

During the New Proprietor license application for the Envy Nightclub in 2012, City staff attempted to negotiate conditions that would restrict 18-plus events at this establishment. City staff made this effort because they were observing some problems with security at this establishment and at other businesses downtown. The new owners refused to sign conditions that would restrict the establishment in this manner.

Under the new license, this establishment logged a number of license violations largely stemming from activities during 18-plus events. After just over a year of operation, the City sent the business a notice of intent to revoke its license because of the negligent and careless manner they operated. The licensees eventually withdrew their license to avoid revocation. However, if the City had the ability to impose restrictions on the establishment, in this case to restrict 18-plus events, City staff could have taken proactive steps that would have prevented some safety, livability and security issues during the summer of 2012 and the licensees may have maintained their business.

The ordinance text that is proposed would authorize the City Council to impose reasonable conditions applied fairly on business licenses. City staff have drafted standard operating procedures for imposing such conditions judiciously. (See attached.) These standard operating procedures contain checks and balances that afford the licensee due process and include the opportunity for an independent third party review. All imposed conditions would require a quasi-judicial hearing and approval of the full City Council.

Recommendation

That the Regulatory, Energy and Environment Committee recommend approving the standard operating procedures and amending Title 14, Chapter 362 and Title 13, Chapter 259 of the Minneapolis Code of Ordinances that authorizes the City Council to impose reasonable conditions on a business license in rare situations in which a documented violation(s) exists and the business has been unwilling to take reasonable steps to protect and promote public safety, livability and security.